

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6204

BILL NUMBER: HB 1801

DATE PREPARED: Nov 21, 2000

BILL AMENDED:

SUBJECT: CHOICE Funding.

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FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill appropriates to the Division of Disability, Aging, and Rehabilitative Services from the state General Fund the funds necessary to provide community and home care services to every eligible individual.

Effective Date: July 1, 2001.

Explanation of State Expenditures: This bill appropriates General Fund monies sufficient to provide community and in-home services to every eligible individual. The cost of providing CHOICE services to all additional eligible individuals is estimated to be \$70.7 M to \$110.7 M.

A 1998 study by Indiana University projecting the need for community-based services, long-term care, and other supportive services estimated 260,300 elderly individuals who have sufficient physical problems to be eligible for in-home services. Of this number, assuming that current patterns of informal assistance continue, approximately 156,000 elderly individuals would have insufficient family and community support and would be in need of formal in-home services by CY 2000. There were 102,500 individuals who received IN-Home services in FY 1999 through Medicaid waivers, CHOICE, Social Services Block Grants, and Title III of the Older Americans Act. This would leave at least 53,500 elderly individuals without formal services.

Assuming the income distribution of these 53,500 elderly individuals is similar to the income distribution of the general age 65-and-older population, and that they apply for CHOICE services in a pattern consistent with the income distribution of current CHOICE recipients, and after adjusting for disabled individuals who would also be eligible for the CHOICE Program, the estimated additional number of eligible individuals not currently receiving services is about 15,216. The average cost of serving individuals on the CHOICE program is currently about \$863.52 per month with an average length of stay on the program of 8.5 months. The resulting estimated additional cost to serve these 15,216 individuals is \$110.7 M. There were 7,475 individuals on formal waiting lists as of June 30, 2000.

Note: This estimate of the costs of serving all individuals who would be eligible for state-funded formal in-home services through the CHOICE program probably understates the likely costs for the following reasons: The estimate of 156,000 elderly individuals is conservative in that individuals with cognitive impairments are not included in this number. In addition, the 102,500 individuals receiving IN-Home services in FY 1999 would include the non-elderly. The income distribution of the general elderly population may not hold true with the elderly population with the physical impairments required for eligibility for the CHOICE program. Finally, if significant additional funds become available for IN-Home services, the income distribution of CHOICE clients and the pattern of informal family and community support may change as well, resulting in more individuals effectively in need of formal services.

An alternate estimate of the number of individuals in need of CHOICE services was provided by the CHOICE Advisory Board (1997 Annual Report: Statewide IN-Home Services Program, p.33). The Board estimated that a daily census of 12,000 to 13,500 individuals on the CHOICE program would provide services to all persons who are at risk of losing their independence without additional assistance. These numbers translate into an additional annual cost of \$55.1 M to \$70.7 M.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Division of Disability, Aging, and Rehabilitative Services.

Local Agencies Affected:

Information Sources: Statewide IN-Home Services 1999 Annual Report, Family and Social Services Administration, Bureau of Aging and IN-Home Services.

Statewide IN-Home Services 1998 Annual Report, Family and Social Services Administration, Bureau of Aging and IN-Home Services.

Statewide IN-Home Services 1997 Annual Report, Family and Social Services Administration, Bureau of Aging and IN-Home Services.

Harlow K.S., E.D Kinney, M. Przybylski, Projecting the Need for Community-Based, Long-Term Care and Other Supportive Services in Indiana, Center for Urban Policy and the Environment, School of Public and Environmental Affairs, Indiana University, July 1998.